

Rev. Rul. 2003-49, 2003-20 I.R.B. (May 19, 2003)

ISSUES

On November 2, 2002, Pub. L. 107-276 was enacted, amending § 527 of the Code. The new law amends the reporting and disclosure requirements for tax-exempt political organizations described in § 527 with respect to the following: (1) notice of status, (2) periodic reports of contributions and expenditures, and (3) annual returns. This revenue ruling provides questions and answers relating to the reporting and disclosure requirements for political organizations described in § 527, as amended by Pub. L. 107-276.

QUESTIONS AND ANSWERS

I. Notice of Status

1. Q. What is the notice of status requirement for an organization described in § 527?

A. Under § 527(i)(1)(A), to be tax-exempt, a political organization is required to give notice electronically to the Service that it is a political organization described in § 527, unless excepted (see Q&A-3).

2. Q. What is the required notice form?

A. The required notice form is Form 8871, *Political Organization Notice of Section 527 Status*.

3. Q. Are all political organizations required to file the Form 8871 notice to be tax-exempt?

A. No. Under § 527(i)(5) and § 527(i)(6), five types of organizations are not required to file the Form 8871 notice:

- (a) Any person required to report under the Federal Election Campaign Act of 1971 (FECA) as a political committee (see 2 U.S.C. § 431(4));
- (b) Any political committee of a state or local candidate;
- (c) Any state or local committee of a political party;
- (d) Any organization that reasonably anticipates that its annual gross receipts will always be less than \$25,000; and
- (e) Any organization described in § 501(c) that is subject to § 527(f)(1) because it has made an "exempt function" expenditure.

4. Q. Must a political committee of a state or local candidate be incorporated or otherwise have formal organizational documents to be excepted from the Form 8871 filing requirements?

A. No. As discussed in Q&A-13, § 527 does not require political organizations to be incorporated or otherwise have formal organizational documents to qualify as a tax-exempt political organization. Therefore, a political organization need not be incorporated or otherwise have formal organizational documents to qualify for the exception under § 527(i)(5) for political committees of a state or local candidate.

5. Q. Is a political organization required to file Form 8871 if it does not know whether it will have annual gross receipts of \$25,000 or more for any taxable year?

A. A newly established political organization is not required to file Form 8871 if it reasonably anticipates that its annual gross receipts will be less than \$25,000 for its first six taxable years. However, if an organization, in fact, does have annual gross receipts of \$25,000 or more for any taxable year, it is required to file Form 8871 within 30 days of receiving \$25,000 in a single taxable year to continue to be tax-exempt.

6. Q. Is the separate segregated fund established under § 527(f)(3) by a § 501(c) organization required to file Form 8871?

A. A § 501(c) organization that is not prohibited from participating in political campaign activity has the option of conducting the activity itself or setting up a separate segregated fund. If the § 501(c) organization conducts the activity itself, it is subject to tax under § 527(f)(1) on the lesser of its investment income or the amount of its political expenditures, but it is not required to file Form 8871 pursuant to § 527(i)(5)(A). If the § 501(c) organization establishes a separate segregated fund, the fund is treated as a separate political organization under § 527(f)(3) and does not qualify for the exception under § 527(i)(5)(A). Therefore, unless it meets one of the other exceptions, the separate segregated fund is required to file Form 8871 to be tax-exempt.

7. Q. Is an organization that finances both federal and non-federal election activity required to file the Form 8871 notice to be tax-exempt?

A. As a general rule, any political organization (whether or not separately incorporated) that is organized and operated primarily for an exempt function under § 527(e)(2) (see Q&A-22) must file Form 8871 to be tax-exempt unless it meets one of the exceptions discussed above (see Q&A-3), one of which is being required to report under FECA as a political committee. An organization that finances election activity

(within the meaning of FECA) for both federal and non-federal elections may establish a political committee to receive contributions and make expenditures for both federal and non-federal election activity. In that case, the organization must register as a political committee and comply with the FECA contribution limitations and reporting requirements. 11 C.F.R. 102.5(a)(1)(ii). Such an organization is, therefore, not required to file Form 8871.

If, however, the organization sets up separate accounts to conduct its federal election activity and its non-federal election activity, the federal account is treated as a separate political committee that is required to register and report under FECA. 11 C.F.R. 102.5(a)(1)(i). The treatment of the federal account as a separate committee is consistent with the organizational requirements for political organizations under § 527, as discussed below in Q&A-13. Accordingly, the separate federal account is not required to file Form 8871. However, a separate non-federal account is not required to register and report under FECA as a political committee. Therefore, a separate non-federal account that is described in § 527(e)(1) is required to file Form 8871 to be tax-exempt.

8. Q. Is a political organization that is required to report to state or local election agencies excepted from the notice requirement?

A. Section 527(i) does not except political organizations that file reports with state or local election agencies from the notice of status requirement. Therefore, unless the political organization meets one of the exceptions discussed above in Q&A-3, it must file Form 8871 to be tax-exempt.

9. Q. When must the organization file Form 8871?

A. If the political organization seeks tax-exempt status, Form 8871 must be filed within 24 hours after the date on which the organization was established. If the organization has a material change in any of the information reported on Form 8871, it must file an amended Form 8871 within 30 days of the material change to maintain its tax-exempt status. When the organization terminates its existence, it must file a final Form 8871 within 30 days of termination.

10. Q. What are the methods of filing Form 8871?

A. Section 527(i)(1)(A) requires that the Form 8871 be filed electronically. Form 8871 may be filed electronically via the Internal Revenue Service Internet Web Site (IRS Web Site) at www.irs.gov/polorgs (IRS Keyword: political orgs).

11. Q. Must an organization take any additional steps before filing Form 8871?

A. To file Form 8871, the political organization must have its own employer identification number (EIN) even if it has no employees. To obtain an EIN, an organization must file Form SS-4, *Application for Employer Identification Number*, with the Service. See the Form SS-4 Instructions for information on how to get an EIN by telephone.

12. Q. What information must be provided in the Form 8871 notice?

A. Under § 527(i)(3), an organization must provide in its Form 8871 notice its name and address (including any business address, if different) and electronic mailing address; its purpose; the names and addresses of its officers, highly compensated employees, contact person, custodian of records, and members of its Board of Directors; the name and address of, and relationship to, any related entities (within the meaning of § 168(h)(4)); and whether it is claiming an exemption from filing Form 8872 as a qualified state or local political organization (within the meaning of § 527(e)(5)) or an exemption from filing Form 990 as a caucus or association of state or local officials.

13. Q. Does § 527(i) change the organizational requirements for § 527 organizations?

A. No. Section 527 does not require an organization to have formal organizational documents, such as articles of incorporation. Under § 1.527-2(a)(2) of the Income Tax Regulations, a political organization meets the organizational test if it is organized for the primary purpose of carrying on exempt function activities as defined in § 527. The regulation specifically states that the organization need not be formally chartered or established as a corporation, trust, or association. For example, a separate bank account can qualify as a political organization. See Rev. Rul. 79-11, 1979-1 C.B. 207.

The requirement that a § 527 organization include the names and addresses of its officers, highly compensated employees, and members of its Board of Directors does not change the organizational test for § 527. Section 527(i) does not require political organizations to be organized with Boards of Directors, officers and highly compensated employees. It merely requires the organization to provide their names and addresses if it is so organized.

14. Q. What is a "related entity" for this purpose?

A. An entity is a "related entity" within the meaning of § 168(h)(4), which provides that an organization is related to another entity as follows:

- (a) The two entities have (i) significant common purposes and substantial common membership or (ii) directly or indirectly substantial common direction or control; or
- (b) Either entity owns (directly or through one or more entities) a 50 percent or greater interest in the capital or profits of the other. For this purpose, entities treated as related entities under (a) above shall be treated as one entity.

15. Q. What are "highly compensated employees" for this purpose?

A. Highly compensated employees for this purpose are the five employees (other than officers and directors) who are reasonably expected to have the highest annual compensation over \$50,000. Annual compensation includes both cash and noncash amounts, whether paid currently or deferred.

16. Q. What is a qualified state or local political organization?

A. A qualified state or local political organization is a political organization that meets the following requirements:

- a. The organization limits its exempt function (see Q&A-22) to the "selection process" (see Q&A-22) relating solely to any state or local public office or office in a state or local political organization;
- b. The organization is required under a state law to report to a state agency (and the organization does so) the information that otherwise would be required to be reported on Form 8872. The organization will meet this requirement even if the state law does not require reporting of the identical information required on the Form 8872, so long as at least the following information is required to be reported under the state law and is reported by the organization:
 - (a) The name and address of every person who contributes \$500 or more in the aggregate to the organization during the calendar year and the amount of each contribution, and
 - (b) The name and address of every person to whom the organization makes expenditures aggregating \$800 or more during the calendar year, and the amount of each expenditure.

However, if the state law requires the reporting of any additional information specified in § 527(j)(3)

(see Q&A-40), the organization will meet this requirement only if it reports that additional information to the state agency;

- c. The state agency makes the reports filed by the organization publicly available;
- d. The organization makes the reports filed with the state agency publicly available in the manner described in § 6104(d) (see Q&A-44); and
- e. No federal candidate or office holder controls or materially participates in the direction of the organization, solicits contributions to the organization, or directs any of the organization's disbursements.

17. Q. May a political organization that is required under a state law to report to a state agency some, but not all, of its contributions and expenditures that otherwise would be required to be reported on Form 8872 meet the requirements for a qualified state or local political organization?

A. Except for contributions or expenditures that are not required to be reported because the state law has a higher threshold for reporting (see Q&A-16), all contributions and expenditures that otherwise would be required to be reported on Form 8872 must be required to be reported under the state law to a state agency (and the organization must so report) for the political organization to meet the requirements of a qualified state or local political organization.

18. Q. May a political organization that conducts activities in more than one state meet the requirements for a qualified state or local political organization?

A. A political organization that conducts activities in more than one state that otherwise meets the requirements (see Q&A-16) for a qualified state or local political organization, including the requirement that it limit its exempt function activities to the "selection process" relating solely to any state or local office and not influence or attempt to influence the "selection process" of any individual to federal public office, may be a qualified state or local political organization. To be a qualified state or local political organization, a political organization that conducts activities in more than one state must be required under the laws of one state to report to that state's agency (and the organization must so report) information regarding all of its contributions and expenditures that otherwise would be required to be reported on Form 8872, without regard to whether those contributions or expenditures were received or made within that state. The organization must identify this state on its Form 8871 when claiming an exception from filing Form 8872 as a qualified state or local political organization (see Q&A-12).

19. Q. May a caucus or association of state or local officials be a qualified state or local political organization?

A. Yes, a caucus or association of state or local political officials may be a qualified state or local political organization if it meets the requirements (see Q&A-16).

20. Q. What if an organization described in § 527(e)(1) does not file the Form 8871 notice?

A. An organization described in § 527(e)(1) must file Form 8871 to be tax-exempt, unless it is an organization described in § 527(i)(5) or § 527(i)(6) (see Q&A-3). If the organization fails to file Form 8871 on a timely basis, § 527(i)(4) provides that, from the date of establishment (or from the date of material change if the organization fails to file an amended Form 8871 (see Q&A-9)) until the date the organization satisfies the notice requirement, the taxable income of the organization includes its exempt function income (including contributions received, membership dues, and political fundraising receipts), minus any deductions directly connected with the production of that income. For purposes of computing its taxable income, the organization may not deduct its exempt function expenditures because § 162(e) denies a deduction for political campaign expenditures.

Under § 527(b), the tax is computed by multiplying the organization's taxable income (including its net investment income) by the highest corporate tax rate, currently 35 percent. The organization must file a Form 1120-POL to report the income and pay the tax.

21. Q. When is an organization described in § 527(e)(1)?

A. An organization is described in § 527(e)(1) if it meets both the organizational and operational tests, that is, it must be organized and operated primarily for the purpose of accepting contributions or making expenditures for an exempt function under § 527(e)(2). See § 1.527-2(a).

22. Q. What is an "exempt function" under § 527(e)(2)?

A. "Exempt function" means, under § 527(e)(2), influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any federal, state, or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors, whether or not such individual or electors are selected, nominated, elected, or appointed (referred to as the "selection process").

23. Q. Are transfers to political organizations that fail to file Form 8871 subject to the gift tax?

A. Section 2501(a)(5) provides that the gift tax does not apply to transfers of money or other property to political

organizations within the meaning of § 527(e)(1). Therefore, transfers to an organization described in § 527(e)(1) (see Q&A-21) are not subject to the gift tax, regardless of whether the organization has filed Form 8871.

24. Q. Is the Form 8871 notice publicly available?

A. Yes. Under § 6104(a), Form 8871 (including any supporting papers), and any letter or other document the Service issues with regard to Form 8871, will be open to public inspection. Copies of Form 8871 that have been filed are currently available at the IRS Web Site at www.irs.gov/polorgs (IRS Keyword: political orgs) and are considered widely available under § 301.6104(d)-2 of the Procedure and Administration Regulations, as long as the organization provides the IRS Web Site address to any person making a request for a copy (see also Q&A-54). In addition, the organization is required to make a copy of these materials available for public inspection during regular business hours at the organization's principal office (and at each of its regional or district offices having at least three paid employees) in the same manner as applications for exemption of § 501(c) organizations are made available. § 6104(d).

25. Q. What is the penalty on the organization for failure to comply with the public inspection requirement?

A. Under § 6652(c)(1)(D), a penalty of \$20 per day may be imposed on any person with a duty to comply with the public inspection requirement for each day a failure to comply continues.

II. Periodic Reporting Requirements

26. Q. What are the periodic reporting requirements imposed upon tax-exempt political organizations?

A. Under § 527(j), a tax-exempt political organization is required to report periodically certain contributions it receives and expenditures it makes.

27. Q. What is the required periodic reporting form?

A. The required periodic reporting form is Form 8872, *Political Organization Report of Contributions and Expenditures*.

28. Q. When are tax-exempt political organizations required to file periodic reports on Form 8872?

A. Under § 527(j)(2), tax-exempt political organizations that accept contributions or make expenditures for an exempt function under § 527 (see Q&A-22) during a calendar year are required to file periodic reports on Form 8872, beginning with the first month or quarter during the calendar year in which they accept contributions or make expenditures, unless excepted (see Q&A-29). For example, a tax-exempt political organization that does not accept

contributions or make expenditures for an exempt function under § 527 until April of a particular calendar year is not required to file Form 8872 for the first quarter or first three months of that year (see Q&A-31 through Q&A-36 for filing due dates), but must file all quarterly or monthly reports due for the rest of the calendar year. In addition, tax-exempt political organizations that make contributions or expenditures with respect to an election for federal office (as defined in § 527(j)(6)) may be required to file pre-election reports for that election.

29. Q. Are all tax-exempt political organizations required to file periodic reports on Form 8872?

A. No, § 527(j)(5) provides that certain organizations are not subject to this requirement. The following tax-exempt political organizations are excepted from the filing requirements:

- (a) Any organization excepted from the requirement to file a Form 8871 (see Q&A-3); and
- (b) Any qualified state or local political organization (see Q&A-16).

All other tax-exempt political organizations are subject to the reporting requirements of § 527(j).

30. Q. Is an organization that reasonably anticipated it would not have annual gross receipts of \$25,000 or more required to file Form 8872 if it, in fact, receives \$25,000 or more in any taxable year?

A. An organization that receives \$25,000 in any taxable year no longer qualifies for the exception in § 527(j)(5)(D) and, therefore, must begin filing Form 8872 unless it meets one of the other exceptions discussed in Q&A-29. (See Q&A-5 with respect to Form 8871.) A tax-exempt political organization must file, within 30 days of receiving \$25,000, any Form 8872 that would otherwise have been due during the calendar year prior to that date.

31. Q. How often must the Form 8872 be filed?

A. A tax-exempt political organization subject to the periodic reporting requirement may choose to file Form 8872 on a monthly basis or on a quarterly/semi-annual basis, but it must file on the same basis for the entire calendar year.

32. Q. What is an election year and non-election year for purposes of determining the due dates for filing Form 8872?

A. An election year is any year in which a regularly scheduled general election for federal office is held, i.e., any even-numbered year. A non-election year is therefore any odd-numbered year.

33. Q. If an organization chooses to file on a monthly basis, when is Form 8872 due in a non-election year?

A. Pursuant to § 527(j)(2)(B), a tax-exempt political organization that chooses to file monthly must file Form 8872 reports not later than the 20th day after the end of the month, which must be complete as of the last day of the month. December activity is included in the year-end report that is due not later than January 31 of the following year.

34. Q. If an organization chooses to file on a monthly basis, when is Form 8872 due during an election year?

A. Pursuant to § 527(j)(2)(B), in any election year (i.e., even-numbered years), monthly reports are due not later than the 20th day after the end of the month (see Q&A-33), except the organization shall not file the reports regularly due in November and December (i.e., the monthly reports for activity in October and November). Instead, the organization must file a Form 8872 report not later than 12 days before the general election (or 15 days before the general election if posted by registered or certified mail) that contains information through the 20th day before the general election.

The organization must also file a report no more than 30 days after the general election containing information through the 20th day after the election. The December activity is included in the year-end report due not later than January 31 of the following year.

35. Q. If an organization chooses not to file on a monthly basis, when is Form 8872 due in a non-election year?

A. Pursuant to § 527(j)(2)(A), a tax-exempt political organization that chooses not to file monthly must file semi-annual reports in non-election years (i.e., odd-numbered years). These reports are due not later than July 31 for the first half of the year and, for the second half of the year, not later than January 31 of the following year.

36. Q. If an organization chooses not to file on a monthly basis, when is Form 8872 due during an election year?

A. Pursuant to § 527(j)(2)(A), in an election year (even-numbered years), an organization that chooses not to file monthly reports must file quarterly reports not later than the 15th day after the last day of the quarter, except that the return for the final quarter shall be due not later than January 31 of the following year. The organization must also file a post-general election report not later than 30 days after the general election that contains information through the 20th day after the election. In addition, the organization must file a pre-election report for any election for federal office with respect to which the organization makes a contribution or expenditure. These reports shall be filed not later than 12 days before the election (15 days

before if posted by registered or certified mail) and must contain information through the 20th day before the election.

37. Q. What is an election for purposes of the reporting deadlines under § 527(j)?

A. For purposes of determining what is an election year and what elections trigger the pre-election and post-general election reports, § 527(j)(6) provides that an "election" is a general, special, primary, or runoff election for a federal office; a convention or caucus of a political party with authority to nominate a candidate for federal office; a primary election to select delegates to a national nominating convention of a political party; or a primary election to express a preference for the nomination of individuals for election to the office of President. Thus, an election for purpose of these reporting deadlines does not include a purely state or local election. When an election involves both candidates for federal office and candidates for state or local offices, it is an election for purposes of the reporting deadlines, but only those organizations that make contributions or expenditures with respect to the candidates for federal office are required to file the pre-election reports for those elections under § 527(j)(2)(A)(i)(II). However, all reports filed under § 527(j) must contain information about the contributions and expenditures within the reporting period, regardless of whether they were accepted or made with respect to candidates for federal, state or local office.

38. Q. What is a general election?

A. A general election is either one of the following:

- (a) An election for federal office held in even numbered years on the Tuesday following the first Monday in November or
- (b) An election held to fill a vacancy in a federal office (i.e., a special election) that is intended to result in the final selection of a single individual to the office at stake. See 11 C.F.R. 100.2(b).

39. Q. How will "election" under § 527(j)(6) be interpreted?

A. The definition of "election" under § 527(j)(6) is virtually identical to the definition of "election" under FECA (2 U.S.C. § 431(1)). Organizations may rely on FEC interpretations of the FECA definition in the absence of further guidance from the Service. The FEC publishes information concerning the filing requirements under FECA and the dates for filing those reports, including information on the dates of elections, on its Web Site at www.fec.gov. The Service also publishes this information on the IRS Web Site at www.irs.gov/polorgs (IRS Keyword: political orgs).

40. Q. What must a Form 8872 report contain?

A. The report must include the name, address, and (if an individual) the occupation and employer, of any person to whom expenditures are made that aggregate \$500 or more in a calendar year and the amount, date and purpose of each expenditure. The report must also include the name, address, and (if an individual) the occupation and employer, of any person that contributes in the aggregate \$200 or more in a calendar year and the amount and date of each contribution. However, an organization is not required to report independent expenditures, as defined in § 301 of FECA. Only expenditures made or contributions received after July 1, 2000, that are not made or received pursuant to binding contracts entered into before July 2, 2000, must be reported.

41. Q. What is an independent expenditure under § 301 of FECA?

A. An independent expenditure is an expenditure by a person expressly advocating the election or defeat of a clearly identified candidate for federal office that is made without cooperation or consultation with any candidate for federal office, or any authorized committee or agent of such candidate, and that is not made in concert with, or at the request or suggestion of, any candidate for federal office, or authorized committee or agent of such candidate. See 2 U.S.C. § 431(17).

42. Q. Where is the Form 8872 filed?

A. Except as provided below, the Form 8872 may be filed either electronically or by sending a signed copy of Form 8872 to the Internal Revenue Service Center, Ogden, UT 84201. The form must be signed by an official authorized by the organization to sign the report. The form may be filed electronically at the IRS Web Site at www.irs.gov/polorgs (IRS Keyword: political orgs). For forms due after June 30, 2003, the Form 8872 must be filed electronically by organizations that have, or expect to have, contributions or expenditures exceeding \$50,000 for the calendar year. Organizations that complete the electronic filing of Form 8871 receive a user ID and password that must be used when filing Form 8872 electronically.

43. Q. What if a tax-exempt political organization that has filed Form 8871 does not file the required Form 8872?

A. Under § 527(j)(1), a tax-exempt political organization that does not timely file the required Form 8872, or that fails to include the information required on the Form 8872, must pay an amount calculated by multiplying the amount of contributions and expenditures that are not disclosed by the highest corporate tax rate, currently 35 percent.

44. Q. Is the Form 8872 filed by tax-exempt political organizations publicly available?

A. Yes. Under § 6104(b) and § 6104(d)(6), Form 8872 will be made available for public inspection by the Service. Copies of Form 8872 that have been filed are currently available at the IRS Web Site at www.irs.gov/polorgs (IRS Keyword: political orgs) and are considered widely available under § 301.6104(d)-2, as long as the organization provides the IRS Web Site address to any person making a request for a copy (see also Q&A-54). In addition, under § 6104(d)(1)(A), the organization is required to make a copy of these reports available for public inspection during regular business hours at the organization's principal office (and at each of its regional or district offices having at least three paid employees) in the same manner as applications for exemption of § 501(c) organizations are made available. Pursuant to § 6104(b) and § 6104(d)(3)(A), contributor information must be disclosed to the public.

45. Q. What if the political organization does not make its Form 8872 publicly available?

A. Under § 6652(c)(1)(C), a penalty of \$20 per day may be imposed on any person with a duty to comply with the public inspection requirement for each day a failure to comply continues. The maximum penalty that may be incurred for any failure to disclose any one report is \$10,000.

III. Annual Return Requirements

46. Q. Which political organizations are required to file annual income tax returns?

A. A political organization, whether or not tax-exempt, that has taxable income in excess of the \$100 specific deduction allowed under § 527 is required to file an annual income tax return on Form 1120-POL, *U.S. Income Tax Return for Certain Political Organizations*. § 6012(a)(6).

47. Q. When is the Form 1120-POL due?

A. The Form 1120-POL is due on or before the 15th day of the third month after the close of the organization's taxable year. § 6072(b). Thus, for a calendar-year taxpayer, Form 1120-POL is due on March 15 of the following year. Political organizations may request a six-month extension of the filing deadline by filing Form 7004, *Application for Automatic Extension of Time to File Corporate Income Tax Return*. This form must be filed by the due date of Form 1120-POL.

48. Q. What if the political organization fails to file Form 1120-POL?

A. A political organization that fails to timely file a required Form 1120-POL must pay an additional amount equal to

5 percent of the tax due for each month (or partial month) the return is late up to a maximum of 25 percent of the tax due, unless the organization shows that the failure was due to reasonable cause. A political organization that fails to timely pay the tax shown or required to be shown on Form 1120-POL, must pay an additional amount equal to 0.5 percent of the unpaid tax for each month (or partial month) the tax is not paid up to a maximum of 25 percent of the unpaid tax, unless the organization shows that the failure was due to reasonable cause. § 6651(a). (A technical correction may be needed to clarify that penalties under § 6652 that apply to failure to file Form 990 (see Q&A-53) do not apply to a failure to file Form 1120-POL.)

49. Q. Are the Forms 1120-POL filed by political organizations publicly available?

A. No, the Forms 1120-POL filed by political organizations are not required to be available for public inspection by the Service or the organization.

50. Q. Which political organizations are required to file an annual information return?

A. Only tax-exempt political organizations may be required to file annual information returns. A tax-exempt political organization (other than a qualified state or local political organization) with \$25,000 or more of annual gross receipts is required to file Form 990, *Return of Organization Exempt from Income Tax*, for taxable years beginning after June 30, 2000, unless excepted (see Q&A-51). Qualified state or local political organizations (see Q&A-16) are required to file Form 990 if they have annual gross receipts of \$100,000 or more. § 6033(g)(1). Tax-exempt organizations with gross receipts of less than \$100,000 and assets less than \$250,000 may file Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax*. Tax-exempt organizations with gross receipts of less than \$25,000 are not required to file Form 990 or Form 990-EZ.

51. Q. Are all tax-exempt political organizations required to file the Form 990?

A. No, § 6033(g)(3) provides that certain organizations are not subject to this requirement. The tax-exempt political organizations excepted from the Form 990 filing requirements are as follows:

- (a) Any organization excepted from the requirement to file a Form 8871 (see Q&A-3); and
- (b) Any caucus or association of state or local officials.

52. Q. When is the Form 990 due?

A. The Form 990 (or Form 990-EZ) is due on or before the 15th day of the fifth month after the close of the organization's taxable year. Thus, for a calendar-year

taxpayer, Form 990 is due on May 15 of the following year. Tax-exempt political organizations may request a three-month extension, without showing cause, by filing Form 8868, *Application for Extension of Time to file an Exempt Organization Return*, by the due date of the Form 990. A second three-month extension, with cause, may also be requested by filing Form 8868.

53. Q. What if the political organization fails to file Form 990?

A. A political organization that fails to file a required Form 990 or fails to include required information on those returns is subject to a penalty of \$20 per day for every day such failure continues. The maximum penalty imposed regarding any one return is the lesser of \$10,000 or 5 percent of the gross receipts of the organization for the year. In the case of an organization having gross receipts exceeding \$1,000,000 for any year, the penalty is increased to \$100 per day with a maximum penalty of \$50,000. § 6652(c)(1)(A).

54. Q. Are the Forms 990 filed by tax-exempt political organizations publicly available?

A. Yes, the Forms 990 filed for taxable years beginning after June 30, 2000, including contributor information reported on Schedule B, will be made available for public inspection by the Service. § 6104(b) and § 6104(d)(3)(A). In addition, each political organization must make a copy of these returns, including contributor information reported on Schedule B, available for public inspection during regular business hours at its principal office (and any regional or district offices having at least three paid employees) in the same manner as annual information returns of § 501(c) organizations are made available. It must also provide a copy of these returns to any person requesting a copy in person or in writing without charge other than a reasonable charge for reproduction and postage in the same manner that § 501(c) organizations provide copies of their annual returns. § 6104(d)(1) and § 6104(d)(3)(A). If an organization's returns are widely available under § 301.6104(d)-2 (such as on the Internet), the organization need not respond to requests for copies so long as it provides the web site address where the returns are available to any person making a request. Returns only need to be made available for three years after filing. § 6104(d)(2).

55. Q. What if the tax-exempt political organization does not make its Forms 990 publicly available?

A. A penalty of \$20 per day may be imposed on any person with a duty to comply with the public inspection requirement for each day a failure to comply continues. The maximum penalty that may be incurred for any failure to disclose any one return is \$10,000. § 6652(c)(1)(C).

IV. General

56. Q. What if the filing date for any of these forms falls on Saturday, Sunday or a holiday?

A. If any due date falls on a Saturday, Sunday or legal holiday, the organization may file the report on the next business day.

57. Q. Where can organizations access the various forms?

A. The various forms and their instructions are available by calling 1-800-TAX-FORM (1-800-829-3676) or via the Internet at the IRS Web Site at www.irs.gov in the "Forms and Publications" section.

58. Q. What if an organization has questions regarding the notice and reporting requirements?

A. For more information, organizations may call the TE/GE Customer Service Center at 1-877-829-5500.

EFFECT ON OTHER REVENUE RULINGS

Rev. Rul. 2000-49 is modified and superseded.

DRAFTING INFORMATION

The principal author of this revenue ruling is Judith E. Kindell of Exempt Organizations. For further information regarding this revenue ruling contact Judith E. Kindell on (202) 283-8964 (not a toll-free call).